Mutual Benefits

THE SAVE ACT: AN IDEAL FIT FOR U.S. TEXTILES AND PHILIPPINE GARMENTS

SAVE ACT

New Economic Opportunities

Under the SAVE Act, U.S. textile manufacturers would be provided with a critical new opportunity to export fabrics into the dynamic and growing Asian market. With only modest levels of domestic apparel manufacturing remaining, U.S. textile mills are heavily reliant on foreign export markets.

Currently about two-thirds of U.S. textiles are shipped to NAFTA and CAFTA-DR countries. In 2010, less than $36 million or 0.2% of U.S. textile mill exports went to the Philippines, the vast majority of which consisted of industrial and specialty fabrics.

Within a few years of enactment of the SAVE Act, U.S. textile exporters could see a large new export market for apparel fabrics that would help to sustain and expand the U.S. industry, and provide thousands of additional jobs.

The Philippines also has extensive market access in the Asian region, including through the ASEAN Free Trade Area and the Japan-Philippines Economic Partnership Agreement, which could permit garments made in the Philippines using U.S. fabrics to be exported throughout Asia, further increasing the opportunities for U.S. textile producers.

Mutual Benefits

The SAVE Act program would not only help the U.S. textile industry but also the Philippine apparel manufacturing industry. The Philippines has a long history in apparel manufacturing and is known for their quality needlework, especially for high-end fashion items. The Philippines, however, has very little domestic textile production and is thus reliant on foreign fabric imports to supply their apparel manufacturing sector – these could be U.S. fabrics under the SAVE Act program. Unfortunately, with the continued growth of China in apparel production and the end of the quota system, the Philippine apparel sector has been declining.

Employment in the sector has dropped from 600,000 jobs in 2003 to 150,000 today. At the same time, apparel exports to the United States have dropped by 50% since 2006. The SAVE Act duty reductions would make the Philippines a competitive sourcing country and create higher demand for Philippine garments. This increased demand would allow Philippine manufacturers to re-open or expand their facilities and return thousands of jobs to the industry, at the same time they would be using significant quantities of U.S. fabrics to do so.

Total U.S. Apparel Imports from the Philippines (U.S. Dollars)*

2006	2008	2009	2010
$2 billion	$1.4 billion	$1 billion	$1 billion

*Source: OTEXA